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## Office Memorandum • UNITED STATES GOVERNMENT

TO : Chief, Engineering Division/OC  
 Attention: [redacted]

DATE: JUN 21 1954

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FROM : Contracting Officer

SUBJECT: Cost [redacted]

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1. Task 1 of Contract RD-35 which was entered into 23 June 1952 contracted for performance of [redacted] proposal No. 5016 dated 20 June 1952. Supplement 1 to this task dated 29 June 1953 specifically authorized the contractor to continue with the building of facilities originally authorized under (RD)XG-726. These facilities were for the continuous study and research into problems arising from Project [redacted]

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2. The financial audit which was made of [redacted] during the fall of 1953, report of which was received in the Procurement Division in March 1954, recommended proration of the costs of [redacted] one-third each to this Agency, Signal Corps, and Air Force. The contractor's books indicated that the total costs of \$11,628.06 had been prorated by him as follows:

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Agency ContractSignal Corps ContractAir Force Contract

\$7,413.06

\$1,970.00

\$2,245.00

The contractor was advised of the audit recommendation for proration of the costs. He replied by pointing out that during 1952 he foresaw the delays in setting up facilities for the Air Force and the Signal Corps and at the same time the urgency for [redacted] as far as C. I. A. was concerned. During September 1952 the contractor outlined the approximate costs for establishing as soon as possible minimum facilities for [redacted]. In October 1952 the Contracting Officer approved the additional costs incurred in the erection of [redacted] under the provisions of (RD)XG-726. From the record it appears that the approval of costs was made under that contract rather than Task 1 to RD-35 because the original planning and cost estimates had been carried on under the (RD)XG-726 contract prior to the execution of RD-35.

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3. It appears that the contractor incurred costs for construction of [redacted] and its facilities in good faith at the

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DOC 81	REV DATE 29/4/80	BY 37169
ORIG COMP 35	OPI 56	TYPE 2
ORIG CLASS S	PAGES 2	REV CLASS C
JUST 22	NEXT REV 2610	AUTH: HQ TO-2

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direction of this Agency. Urgency of the need for [ ]  
[ ] was emphasized to the contractor. It further appears  
that Task 1 to RD-35 was executed to cover the costs of estab-  
lishing [ ] and to provide such facilities as  
were necessary to carry out Project [ ] Based on  
these facts, your concurrence is requested in the allowance of  
costs for construction of [ ] and its facilities  
totaling \$7,413.06 as a charge against Task 1 of Contract RD-35.

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LO/PD/A&IB/MCH:djh (17 June 1954)

Distribution:

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